

# CITY OF AURORA WATER RATE DISCUSSION

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## AURORA WATER TREATMENT PROCESS

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## WHAT DO WATER RATES COVER?

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- **Operational Costs**
  - Electricity, Chemicals, Maintenance, Supplies
- **Staffing**
  - Water Production, Water Billing, I.T. Services, Water & Sewer Maintenance, and Engineering
- **System Maintenance and Upgrades**
  - Treatment Plant, Wells, Pump Houses, Storage Facilities, Distribution System, Collection System
- **Repayment of Loans for previous projects**
- **Lead Service Line Replacement**
- **No tax revenues support water operations; costs of service are financed by user charges**

# ADJUSTING WATER RATES

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## Key Issues When Adjusting Rates

- Minimize Customer Impacts
- Fair and Equitable Cost Allocations
- "Keeping Up" with Regulatory Changes (Lead Service Line Replacements)
- Maintain Fund Balance
  - Allows for adequate maintenance
  - Provides a reliable system

## **WATER BUDGET AND LEAD SERVICE LINE REPLACEMENT BUDGET**

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### **2025 City of Aurora Water Budget:**

- \$57.8 million

### **2025 Lead Service Line Replacement Budget:**

- \$5.5 million
- Costs approximately \$8,000-\$10,000 per household to replace one lead service line

## **COST OF SERVICE**

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### **Anticipated 2025 Cost of Service:**

- \$49.5 million
  - This represents the total amount that we need to raise from rate revenue

### **Anticipated Revenue (Existing Rates):**

- 2025 - \$46.7 million

Difference is \$2.8 million (6%)

## COST BREAKDOWN

- The City of Aurora is proposing to increase water rates by either 4%, 5%, or 6%
- Staff recommends a 6% increase (highlighted)

Customer	Current Rates	Proposed 2025 Rates (4% increase)	Proposed 2026 Rates (4% increase)	Proposed 2025 Rates (5% increase)	Proposed 2026 Rates (5% increase)	Proposed 2025 Rates (6% increase)	Proposed 2026 Rates (6% increase)
Residential	\$4.90	\$5.10	\$5.30	\$5.20	\$5.50	\$5.25	\$5.60
Commercial/ Industrial	\$5.00	\$5.15	\$5.30	\$5.20	\$5.40	\$5.15	\$5.30
Sewer	\$1.70	\$1.85	\$2.00	\$1.85	\$2.00	\$1.90	\$2.10

\* Cost is per 100 cubic feet

## **SURPLUS/DEFICIT**

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### **Rate Increases Evaluated and Associated 2025 Cost of Service Surplus/Deficit:**

- 0% - \$2.8 million Deficit
- 4% - \$900,000 Deficit
- 5% - \$400,000 Deficit
- 6% - \$100,000 Surplus



## AVERAGE ADDITIONAL COST PER MONTH

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### **Residential Monthly Increase (based on an average user, 12 CCF per month)**

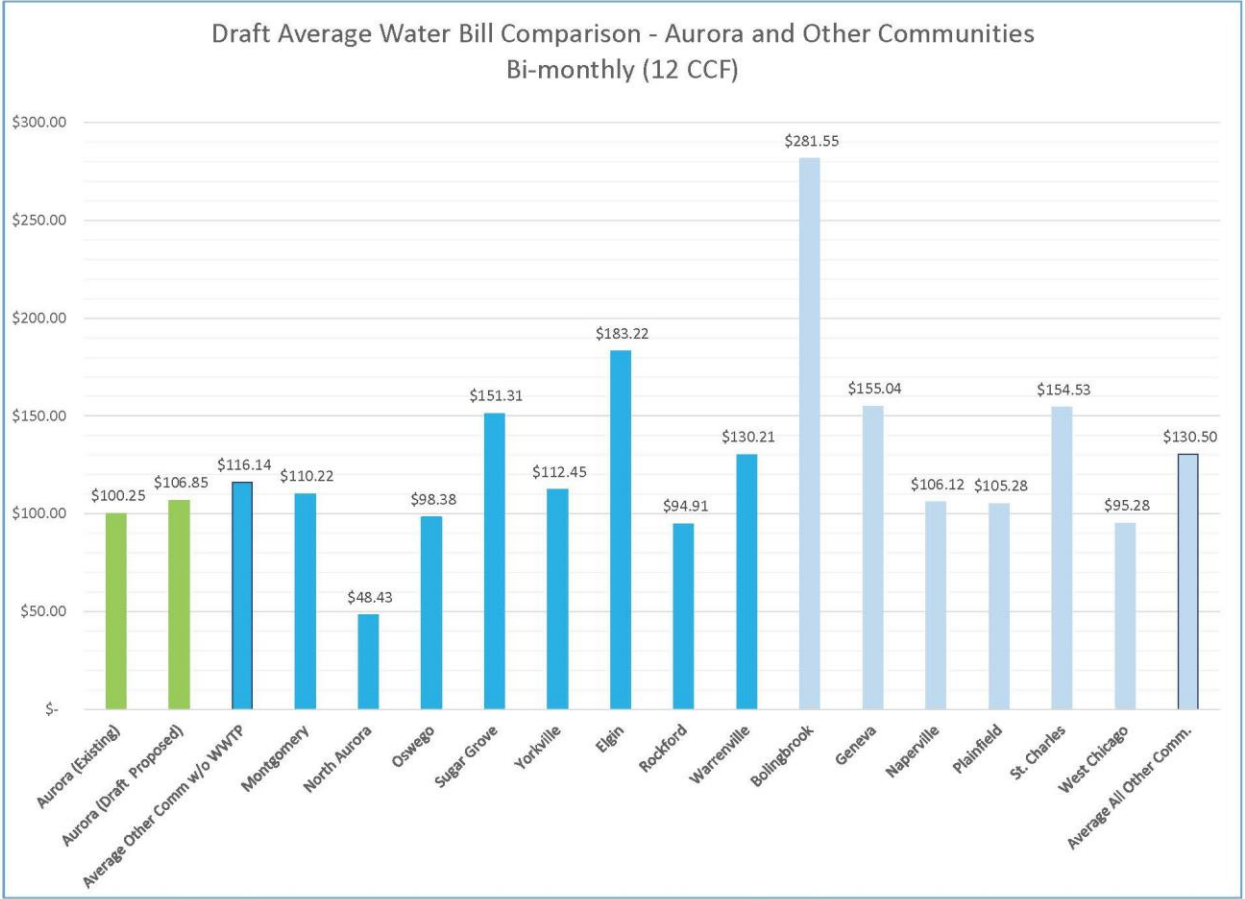
- 4% - \$2.10 Additional Per Month
- 5% - \$2.70 Additional Per Month
- 6% - \$3.30 Additional Per Month

## COMPARISON OF TOTAL BILL FOR AVERAGE CUSTOMER (6% TOTAL RATE ADJ.)

2025					
Customer Class	Usage per Bill (ccf)	Existing 2025 Bi-Monthly Bill (\$)	Proposed 2025 - 2026		
			Proposed Bi-Monthly Bill (\$)	Proposed Increase per Bill (\$)	Proposed Increase per Month (\$)
Residential - Senior Exemption	6	\$ 40.85	\$ 42.50	\$ 1.65	\$ 0.82
Residential - Small	6	\$ 60.65	\$ 63.95	\$ 3.30	\$ 1.65
<b>Residential - Medium (Average Customer)</b>	<b>12</b>	<b>\$ 100.25</b>	<b>\$ 106.85</b>	<b>\$ 6.60</b>	<b>\$ 3.30</b>
Residential - Large	30	\$ 219.05	\$ 235.55	\$ 16.50	\$ 8.25
Commercial - Industrial (Non Residential Customers) - Large	1,500	\$ 10,071.05	\$ 10,596.05	\$ 525.00	\$ 262.50
Commercial - Industrial (Non Residential Customers) - VERY Large	5,000	\$ 33,521.05	\$ 35,271.05	\$ 1,750.00	\$ 875.00

2026					
Customer Class	Usage per Bill (ccf)	Existing 2026 Bi-Monthly Bill (\$)	Proposed 2026 - 2027		
			Proposed Bi-Monthly Bill (\$)	Proposed Increase per Bill (\$)	Proposed Increase per Month (\$)
Residential - Senior Exemption	6	\$ 42.50	\$ 44.15	\$ 1.65	\$ 0.82
Residential - Small	6	\$ 63.95	\$ 67.25	\$ 3.30	\$ 1.65
<b>Residential - Medium (Average Customer)</b>	<b>12</b>	<b>\$ 106.85</b>	<b>\$ 113.45</b>	<b>\$ 6.60</b>	<b>\$ 3.30</b>
Residential - Large	30	\$ 235.55	\$ 252.05	\$ 16.50	\$ 8.25
Commercial - Industrial (Non Residential Customers) - Large	1,500	\$ 10,596.05	\$ 11,121.05	\$ 525.00	\$ 262.50
Commercial - Industrial (Non Residential Customers) - VERY Large	5,000	\$ 35,271.05	\$ 37,021.05	\$ 1,750.00	\$ 875.00

# COMPARISON OF WATER RATES BETWEEN MUNICIPALITIES



## REASONS FOR STAFF RECOMMENDATION

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### Key Reasons for 6% Recommendation

- No Cost-of-Service Deficit
- Forecast Based on Assumed Consumption
- Consumption Nationwide is on a Downward Trend
  - Efficient Fixtures
  - Watering Bans
- Eventually Need to Increase Watermain Replacement
  - 3 Miles Per Year
  - Target 7-8 Miles Per Year

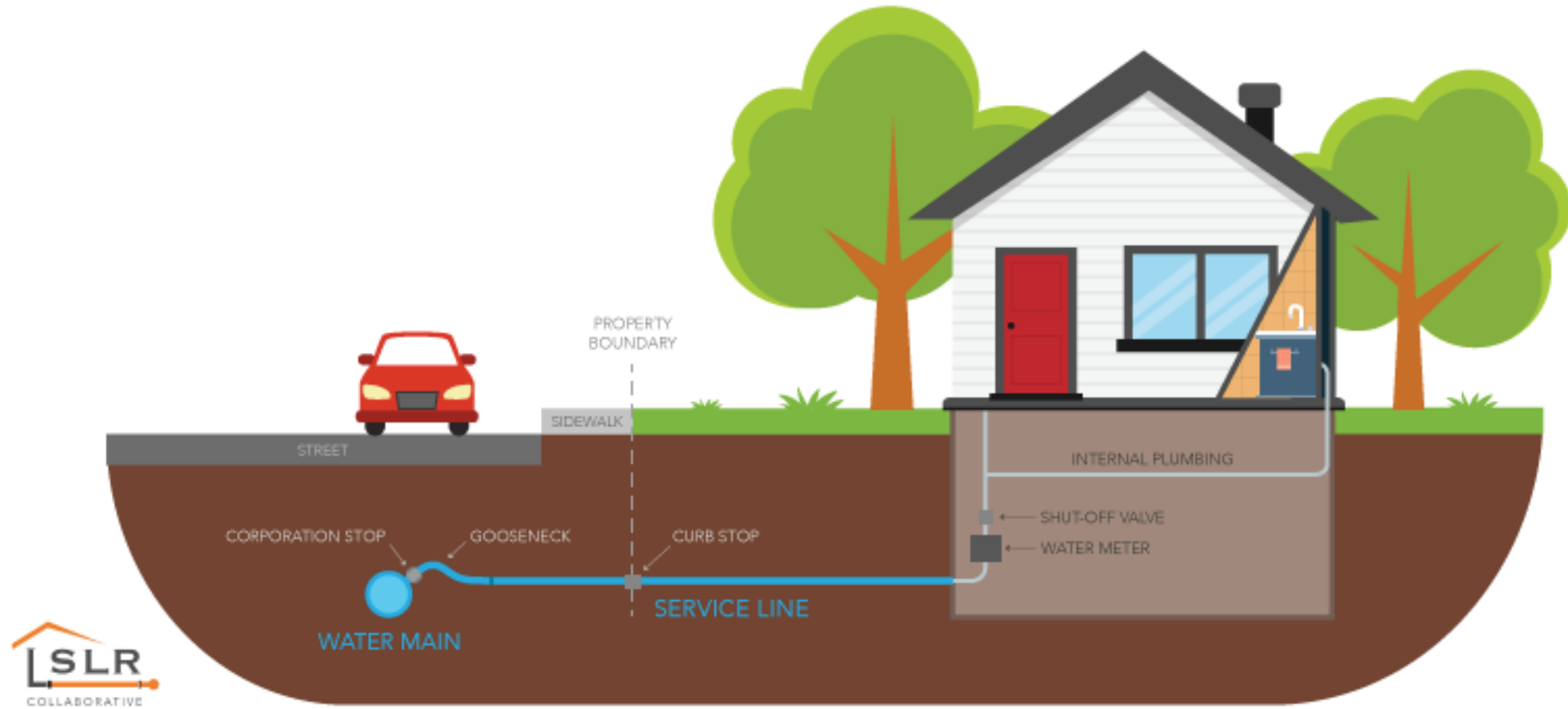
## REASONS FOR STAFF RECOMMENDATION

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### Other Considerations

- Lead service line replacement changes
- Anticipate 3% replacement (492 service lines replaced) of 16,400 lead lines **per year** starting in 2027 (State Mandate); this is accounted for at proposed 6% TRA
- Anticipate 10% replacement (1,640 service lines replaced) of 16,400 lead lines **per year** starting in 2027 (Recently Adopted Federal Mandate); additional \$9 million

## LEAD SERVICE LINE DESCRIPTION



## LEAD SERVICE LINE REPLACEMENT

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- The Illinois EPA has instituted new water testing standards that took effect in 2024 (Lead and Copper Rule Revisions)
- Previously, Water Treatment Plant staff would sample only the first liter of water that comes out of a faucet in a residential unit
- Now, the **first AND fifth liters** must be sampled, which will lead to higher rates of lead, as the fifth liter of water has spent more time in the lead service line
- This will cause the City of Aurora to exceed the action level of 15 parts per billion
- By exceeding the action level, the IEPA will mandate the replacement of 3% annually beginning in 2026
- The city currently replaces 3-4 miles of watermain annually; ideally, the goal should be 7-8 miles
- Additional funding is needed to comply with the mandate

# LEAD SERVICE LINE REPLACEMENT

- Aurora’s drinking water fully complies with standards set by the State and Federal government
- The City is actively removing lead and galvanized water lines to protect residents

Lead Service Lines Replaced

91

Year-to-Date

Lead Service Line Replaced

2,432

Since 2018

Total Suspected Lead Lines

16,273

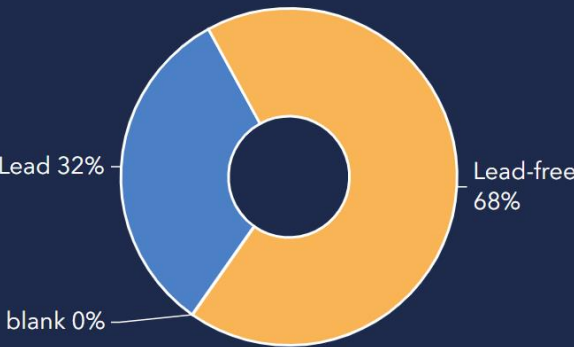
All Years

## Lead Service Replacements Summary



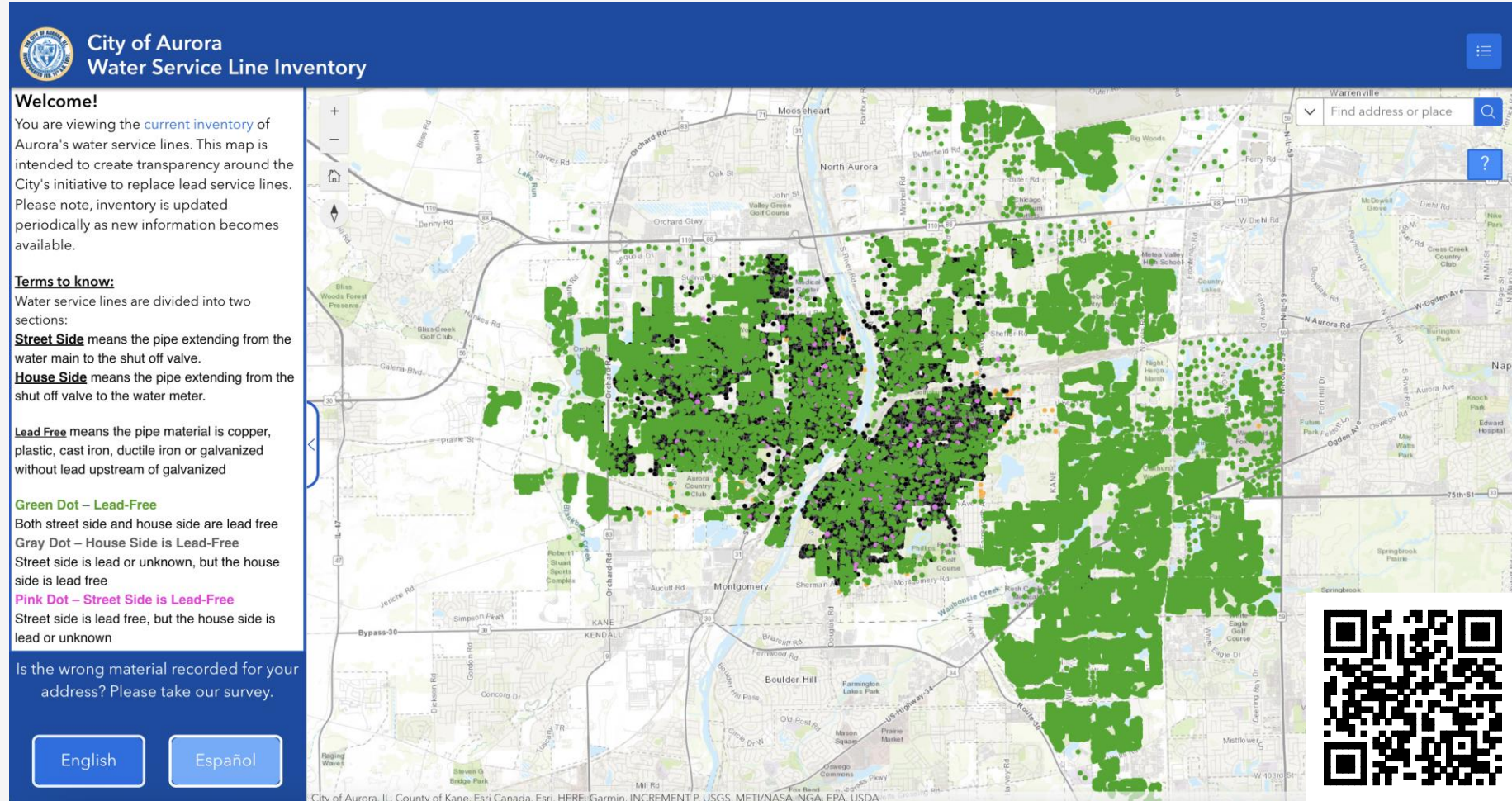
Year	Lead Replacements
2018	34
2019	134
2020	101
2021	183
2022	482
2023	916
2024	491
2025	91
Total	2.4k

## Current Materials Inventory





# LEAD SERVICE LINE REPLACEMENT MAP



View the interactive map and look up households by Ward and address at [www.aurora.il.us/LeadService](http://www.aurora.il.us/LeadService)

## FINAL POINTS

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1. Incremental annual adjustments historically favored over larger one-time adjustments
2. Covering cost of service critical to avoid fund balance issues
3. A 6% increase relates to only \$3.30 monthly residential increases (as compared to \$2.10 for a 4% increase)
4. Historically, rate adjustments have been between 2% and 6.5%
5. Watermain replacement below the target results in a lower quality distribution system with more leakage and breaks; this increases water loss and increase rates to treat water that is not consumed
6. Federal Mandates may require the city to review additional rate increases, further reinforcing the need to keep pace with cost of service now